

*Citation for published version:*

Maclean, M, Harvey, C, Golant, BD & Sillince, JAA 2021, 'The role of innovation narratives in accomplishing organizational ambidexterity', *Strategic Organization*, vol. 19, no. 4, 6, pp. 693-721.  
<https://doi.org/10.1177/1476127019897234>

*DOI:*

[10.1177/1476127019897234](https://doi.org/10.1177/1476127019897234)

*Publication date:*

2021

*Document Version*

Peer reviewed version

[Link to publication](#)

Maclean, Mairi ; Harvey, Charles ; Golant, Benjamin D. ; Sillince, John A.A. / The role of innovation narratives in accomplishing organizational ambidexterity. In: Strategic Organization. 2019. (C) SAGE Publications. Reproduced by permission of SAGE Publications Ltd.

**University of Bath**

## **Alternative formats**

If you require this document in an alternative format, please contact:  
[openaccess@bath.ac.uk](mailto:openaccess@bath.ac.uk)

### **General rights**

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

### **Take down policy**

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

# The role of innovation narratives in accomplishing organizational ambidexterity

Mairi Maclean  
University of Bath, Bath, UK  
[kmm57@bath.ac.uk](mailto:kmm57@bath.ac.uk)

Charles Harvey  
Newcastle University Business School, Newcastle, UK  
[Charles.Harvey@ncl.ac.uk](mailto:Charles.Harvey@ncl.ac.uk)

Benjamin D. Golant  
Newcastle University Business School, Newcastle, UK  
[bengolant7@gmail.com](mailto:bengolant7@gmail.com)

John A.A. Sillince  
Newcastle University Business School, Newcastle, UK  
[sillincejohn11@gmail.com](mailto:sillincejohn11@gmail.com)

To be published as: Maclean, M., Harvey, C., Golant, B.D., & Sillince, J.A.A. (2020), The role of innovation narratives in accomplishing organizational ambidexterity. *Strategic Organization*, accepted and forthcoming.

## Abstract

Persistent tensions arising from the exploration-exploitation paradox continuously threaten the accomplishment of organizational ambidexterity. Structural, contextual and sequential solutions designed to alleviate these tensions dominate the ambidexterity literature. None of these adequately explains how top executives implement tension-alleviating managerial initiatives or how they respond in real time to tension-induced organizational perturbations. In this paper, through analysis of top management team (TMT) speeches at Procter & Gamble over a 15-year period, we show how the construction and communication of four innovation narratives – contextualizing, mutualizing, dramatizing and focalizing – reduced tensions and enhanced organizational ambidexterity. We demonstrate the importance of TMT reflexivity in devising and communicating performative narratives, illustrate the polyphonic model of narrative strategizing, and present a cyclical model suggesting that the accomplishment of organizational ambidexterity is an ongoing dynamic process.

## **Keywords**

Exploration-exploitation paradox, innovation narratives, top management team (TMT), organizational ambidexterity, polyphonic narration

## **Introduction**

Ambidexterity is the strategic capability to attend with equal facility to the ongoing necessity for organizations to engage in both exploration and exploitation. Ambidextrous organizations seek to explore new products and technologies, but they also aim to exploit longstanding products by retuning them to market demands, including changes in taste and price expectations (Gibson and Birkinshaw, 2004; Nosella et al., 2012; Raisch et al., 2009; Simsek et al., 2009). Exploration involves preparing for the future by discovering and developing new products, markets and technologies, whereas exploitation concerns making the most of current market opportunities and sources of competitive advantage (Lavie et al., 2010; March, 1991; Raisch and Zimmermann, 2018). Exploration leads to discontinuous change induced by radical innovations in technologies, products and business models. Exploitation leads to gradual, cumulative change induced by refinements to existing technologies, products and business models. Getting the balance right between exploration and exploitation is core to corporate strategy (O'Reilly and Tushman, 2008; Raisch et al., 2009). Many large, complex organizations wrestle with the issue, yet little is known about how precisely ambidexterity is attained (Martin et al., 2019) or about the organizational mechanisms that propel firms to engage in either activity or achieve a balance between the two (Lavie and Rosenkopf, 2006).

In this paper, we examine the role of innovation narratives in accomplishing ambidexterity. Such narratives encapsulate a critique of current performance, present an argument for change, establish goals and priorities, and signal the behavioral, resourcing and systemic changes that together will bring about desired improvements within a specified

period. Their importance lies in rallying and directing organizational members to overcome competitive threats and environmental turbulence. Narratives are the product of argumentation and frequently of inter-group conflict (Martin et al., 2019). Resolving organizational tensions over innovation priorities requires “effective temporal leadership ... to reconcile, integrate, and manage the divergent time horizons and priorities of [organizational] members to promote ambidexterity” (Chen et al., 2019). Innovation narratives thus serve to accommodate contested meanings, shift cultural assumptions, and resolve conflicts between groups with opposing aims.

We argue that innovation narratives play a crucial role in the accomplishment of organizational ambidexterity. In enabling periodic re-balancing between innovation priorities and pathways, such narratives are performative, enabling leaders more effectively to deliver specific strategic initiatives. In this way, organizations can respond dynamically to external pressures without necessarily adjusting their long-term competitive stance. The hard to emulate and historically derived discursive micro-practices of particularly long-lived and adaptive organizations might thus be classified as a dynamic capability, an enduring source of organizational growth and regeneration (O’Reilly and Tushman, 2008; Suddaby et al., 2019).

To explore the role of innovation narratives in accomplishing ambidexterity, we conducted in-depth archival research on Procter & Gamble (P&G), a global corporation with a proven capacity to innovate both incrementally and disruptively over the long term (Dyer et al., 2004). We focus on the 15 years between 1987 and 2001 when the company emerged from the doldrums to reinvent itself as a global corporation committed to innovation and billion dollar brands, charging premium prices for allegedly superior products. Our analysis reveals a process of critique and resolution embodied in innovation narratives, successively *contextualizing* (Brown, 2006; Fenton and Langley, 2011), *mutualizing* (Graumann, 1995),

*dramatizing* (Carlsen, 2006; Czarniawska, 1997; Vaara et al., 2006) and *focalizing* (Eco, 1994; Fairclough, 2003) innovation pathways. In this way, top management team (TMT) members maintained the idea of a progressive organizational trajectory on which delegation of authority and collective commitment depended (Kuhn, 2008; Taylor, 2014).

Our article makes four contributions to research on ambidexterity. First, we delineate the role played by innovation narratives and transitions between them in the accomplishment of organizational ambidexterity. Secondly, we demonstrate the importance of TMT reflexivity in generating and transitioning from one innovation narrative to another (Konradt et al., 2016). Thirdly, we present a cyclical model of critique and resolution showing that accomplishing ambidexterity is a dynamic process, not a structural condition. Finally, we provide a valuable empirical illustration of the “polyphonic” model of narrative strategizing (Barry and Elmes, 1997; Boje, 2008).

## **Narrative framing of organizational innovation**

### ***Explaining Ambidexterity***

At the heart of research on organizational ambidexterity is management of the paradox of innovation that stems from the need for leaders periodically to destroy significant elements of tried-and-tested organizational designs. Future success, as Tushman and O'Reilly (1998: 28) graphically put it, depends on leaders being “prepared to cannibalize their own business at times of industry transitions.” In this way, the competing logics and time horizons of exploration and exploitation generate potentially debilitating tensions as organizational members with differing priorities and agendas simultaneously confront the demands of each (Andriopoulos and Lewis, 2009; Zimmermann et al., 2018). Yet, as Mantere et al. (2012) caution, overturning strategic priorities in times of transition may hold far-reaching adverse consequences for the organization. Accomplishing ambidexterity, therefore, is problematic, exploration and exploitation conflicted, the former premised on path breaking technological

change, the latter on path entrenching incremental improvements to products and processes (Lavie et al., 2010; Raisch and Birkinshaw, 2008). Yet organizational survival demands that executives press forward, striking a fresh balance between innovation pathways, while abating organization tensions through appropriate management actions. Ambidexterity is thus the expressed capability of an organization to manage the tensions generated by the contradictory demands of exploration and exploitation.

How, then, might this capability be developed? Three main solutions abound in the literature, referred to here, following O'Reilly and Tushman (2013), as structural, contextual and sequential. Structural separation of exploration and exploitation is the primary solution offered in the literature (Cao et al., 2009; Jansen et al., 2009; Simsek, 2009; Tushman and O'Reilly, 1996). According to this prescription, the best means of pursuing exploration and exploitation simultaneously is to separate activities into highly differentiated units with different mandates, time horizons and cultures. The contextual solution, in contrast, recommends that TMT members focus not only on structures but also on enabling people beneath them in the corporate hierarchy to cope with conflicting demands by fostering a combination of stretch, discipline, support, and trust (Gibson and Birkinshaw, 2004). A third possibility is to reduce the tensions emanating from the exploration-exploitation paradox by temporal separation. Under this prescription, senior managers cyclically switch priorities and resources between innovation pathways, such that either exploration or exploitation dominates for a time before giving way to the other (Eisenhardt and Brown, 1997; Lavie and Rosenkopf, 2006).

A large number of theoretical and empirical studies have built on this threefold classification. Nosella et al. (2012) review 137 papers published since Tushman and O'Reilly (1996), building on Duncan (1976) and March (1991), established ambidexterity as a distinct field of enquiry. They confirm the predominance of studies of structural and contextual

ambidexterity and point to emerging themes dealing with enablers of ambidexterity within and beyond the boundaries of the organization. In a meta-analysis of 69 papers, Junni et al. (2013) find a positive relationship between organizational ambidexterity and corporate performance, subject to strong moderating effects related to contextual and methodological choices. O'Reilly and Tushman (2013) take this as strong support for numerous other studies using a wide variety of methods showing that ambidexterity is positively associated with firm performance, subject to the caveat that it is more common in large firms with the required resources for exploration and exploitation in separate units. In taking stock of the evidence, these authors find strong support for structural ambidexterity, but that research of sequential ambiguity is less persuasive because micro-histories conducted over long periods fail to show what transitions look like and how they occur (Boumgarden et al., 2012).

The literature on ambidexterity recognizes that TMTs play a crucial role in devising and implementing solutions to tensions arising from the contradictory logics of exploration and exploitation. We contend, however, that it is not enough for researchers simply to identify the solutions adopted by organizations; we also need to know how TMTs enact those solutions, and what differentiates those who succeed from those who fail. This observation motivates our own research alongside that of other scholars like Lubatkin et al. (2006), whose study of 139 small and medium-sized Chinese technology firms finds that TMT members play a crucial role in integrating knowledge and promoting ambidexterity. In a similar vein, Mom et al. (2009) find that manager participation in cross-functional interfaces and the connectedness of a manager to other organization members positively relate to ambidexterity. Jansen et al. (2008), in a study of Dutch financial firms, alight on a strong and compelling shared vision and teams with transformational leaders as critical in reconciling conflicting demands and debate arising from the exploration-exploitation paradox; confirming the position taken by O'Reilly and Tushman in their theorization of ambidexterity as a dynamic

capability (2008). Chen et al. (2019), in their study of 146 small and medium-sized firms, reach the conclusion that vision, interpreted as a long TMT time horizon, promotes organizational ambidexterity when accompanied by strong CEO temporal leadership.

Quantitative studies of the kind reported here are valuable in confirming the importance of TMT characteristics to the accomplishment of ambidexterity. What they cannot do, however, is identify the specific TMT practices that actually deliver results. The qualitative research of Zimmermann et al. (2018) elegantly makes this point by exploring 10 innovation initiatives at three multinationals, both top down and bottom up. Importantly, they find that in dealing with persistent tensions surrounding innovation initiatives, what mattered most in enabling organizations to cope was the agency of frontline managers in constantly adapting and aligning initiatives to organizational contexts. This finding is at odds with the dominant structural view of ambidexterity. However, it is consistent with our own view that initiatives taken by TMTs to deal with tensions resulting from the conflicting demands of exploration and exploitation must find a way to percolate throughout the organization. If they do not, then persistent tensions will take their toll in dysfunctional behavior and diminished performance. It is for this reason that we came to study the role of innovation narratives in accomplishing organizational ambidexterity. Narratives have the power to connect, to flow across organizations, and when convincing, to be performative (Dunford and Jones, 2000; Sonenshein, 2010; Vaara et al., 2016); carrying the ideas of TMT members to frontline managers who, empowered to use their initiative, might align top-down initiatives to local contexts. P&G's transformation from international to global enterprise, we argue, sprang in large measure from the successful deployment of innovation narratives, enabling it to overcome potentially debilitating tensions arising from the exploration-exploitation paradox.

### *Narratives of innovation*



Within the increasingly prominent “linguistic turn” in organizational scholarship, scholars have explored the performative role of narrative in strategy practice (Balogun et al., 2014; Barry and Elmes, 1997; Boje, 1991, 1995, 2001, 2008; Brown and Thompson, 2013; De La Ville and Mounoud, 2010; Fenton and Langley, 2011; Holstein et al., 2018). A burgeoning field has built on the foundational work of Boje (1991, 1995) and Barry and Elmes (1997), who assert that strategy can usefully be seen as a series of texts, authored by organizational participants, where the “tellings of strategy fundamentally influence strategic choice and action” (Barry and Elmes, 1997: 432). These texts enable and constrain the ongoing activities of actors (Fenton and Langley, 2011) because they encode lessons for success (the moral or theme of the narrative) as the ongoing justification for progressive future-oriented action. As Boje (1991: 106) asserts, such texts purvey “recognizable, cogent and seemingly rational collective accounts” that create precedent for individual beliefs and courses of action. Such accounts must be coherent, plausible and acceptable to succeed (Kaplan and Orlikowski, 2013).

A focus on strategy narratives is particularly appropriate in exploring the dynamic framing of innovation because, as Bartel and Garud (2009) suggest, accounts vary depending on the emphasis given to organizational knowledge practices of exploration or exploitation (Lavie et al., 2010; Levinthal and March, 1993; March, 1991). Barry and Elmes (1997) draw a similar distinction in identifying novelty and familiarity as fundamental polarities in strategic narratives. Here, we equate novelty with exploration in emphasizing a necessary departure from past organizational practice. Such narratives convey the potential for progress based on the “exciting and captivating” and rejection of entrenched, inertial routines and perspectives (i.e. bad past), leading to the “creative” conception of problems to be addressed (i.e. good future) (Barry and Elmes, 1997: 439). Likewise, we equate familiarity with exploitation in narratives suggesting that future success will follow from continuity with

worthy practices from the organizational past (i.e. good past). These dwell on pragmatic, tangible phenomena in the here and now, conveying the potential for progress through the apparent neutrality of formal, analytical techniques for performance improvement (i.e. better future) (Barry and Elmes, 1997).

Our identification of the competing strategic narratives through which contrasting approaches to innovation are justified provides further insight into the challenge of building upon while countering the past in order to construct the future (Smith and Lewis, 2011). Attention to narrative justifications of innovation priorities recognizes that responding to the challenge of ambidexterity depends on contingently inter-relating competing meanings of innovation to engage and sustain differing strategic approaches (Papachroni et al., 2015; Smith 2014; Smith and Lewis, 2011). Although any particular narrative is potentially inertial and resistant to disconfirmation (Boje, 1995; Geiger and Antonacopoulou, 2009), we cannot assume that managers are heedless of the requirement to adapt and interweave narratives as events unfold (Jørgensen and Boje, 2010). On the contrary, managers are likely to foster narrative understanding as a continuing process (Czarniawska, 1997; Dalpiaz and Di Stefano, 2018), reflecting diverse (Buchanan and Dawson, 2007; Holstein et al., 2018) and changing motives or reasons for action (Sillince et al., 2001; Sillince and Mueller, 2007).

Hence, strategy narratives can be read as ongoing constructions that make and re-make convergent organizational programs of action (Brown and Thompson, 2013; Fenton and Langley, 2011; Holstein et al., 2018; Robichaud et al., 2004). Interactions among narratives reflect what Barry and Elmes (1997: 444) term the “polyphonic” expression of organizational purpose, in which strategists seek to articulate, justify and juxtapose contrasting organizational narratives. Through interactions, skillful political actors shape the strategy narratives that win approval in the organization (Kaplan, 2008). Considered thus, authoring organizational strategies involves inter-relating and reconciling the separate and

distinctive value positions of protagonists (Czarniawska, 1997; Kuhn, 2008; Taylor, 2014), orienting organizational members around a collective construction of “core activities and outcomes, what knowledge is valued, roles, duties and authority” (Kuhn, 2008: 1236).

It follows that how tensions among rival narrative formulations are negotiated is a fundamental issue for empirical inquiry (Brown and Thompson, 2013; De La Ville and Mounoud, 2010; Fenton and Langley, 2011). As Cunliffe and Eriksen (2011: 1465) suggest, the focus is to reveal how strategic narratives throw into relief divergent views, meanings and values while “respecting differences and shaping new meanings and possibilities for action from those differences”. In what follows, we explore the role of polyphonic narration in the framing of organizational ambidexterity. We base our study on senior management speeches to internal audiences over 15 years at P&G, an organization strongly associated with innovation (Dyer et al., 2004). The objective of our research is to uncover how organizational leaders, TMT members, narrate the paradoxical innovation themes of exploration and exploitation as co-existent priorities with periodically shifting emphases to guide and motivate strategic initiatives while remaining open to new and emergent possibilities. Thus, we pose the following research question: given persistent tensions arising from the exploration-exploitation paradox, how do discursively constructed and communicated narratives of innovation support the accomplishment of organizational ambidexterity?

## **Methodology**

### ***Case Study***

P&G is a US company widely respected for its numerous innovations within the fast moving consumer goods sector (Dyer et al., 2004). We selected 1987 as the starting-point for our case study on strategy innovation narratives because in that year the company suffered a severe net earnings reversal, prompting a flurry of debate within its TMT about how best to get back on track. An equally natural end year is 2001 when, after a further period of intense debate,

P&G's new CEO, Alan Lafley, consolidated a radical new corporate strategy focused on open innovation and the cultivation of billion dollar brands. We reasoned that a 15-year study period is long enough to observe significant shifts in narratives, but short enough to conduct in-depth documentary research. Over the period, P&G grew its annual sales from \$17 billion to \$39 billion and its net profit from \$327 million to \$3 billion (Dyer et al., 2004: 418). The company transitioned from a domestically focused organization with an international division to become a globally integrated multinational enterprise, marketing and manufacturing branded household goods across the world. It spent an average of \$1.15 billion annually on R&D, equivalent to 3.8% of sales or 108.8% of dividends paid,<sup>1</sup> to maintain its enviable record of incremental and path-breaking innovation (Brown and Scott, 2011).

### ***Data Collection***

We secured privileged access to various classes of documents at P&G's corporate archive in Cincinnati, Ohio. Most valuable of these for exploring strategy innovation narratives is an extensive collection of speeches, with supporting materials, given by members of the TMT to executives lower down the corporate hierarchy. The speeches communicated strategic and organizational changes and the logic underpinning them to decision makers across the organization. As proactive statements of policy and exercises in persuasion and conviction building, they are key constitutive texts, yielding rich textual data for analysis (Cheney et al., 2004). Crucially, the recovery of language usage enabled a temporal dimension to be incorporated into the research design, facilitating intertextual study of language usage and the negotiation of meaning through the interplay between texts produced at different times (Alvesson and Kärreman, 2000; Holstein et al., 2018; Maclean et al., 2018a).

We engaged in purposeful sampling, copying selected documents in preparation for later analysis. Our sampling rationale was to gather a continuous record of contextually

---

<sup>1</sup> Computed by authors from data in annual reports and accounts.

significant texts (Phillips and Hardy, 2002), notably speeches made by CEOs and other TMT members at meetings with senior managers one rung below them in the corporate hierarchy. In this way, we were able to meet the selection criteria for a valid textual corpus defined by Bauer and Arts (2000) of relevance (thematic focus), homogeneity (broadly similar form and perspective) and synchronicity (occurring at regular and locally determined time intervals). Discussion of innovation in technology, products, brands and operational processes features prominently in our body of 142 speeches, with a combined length of approximately 215,000 words, confirming P&G's reputation for continuous engagement with the complex dynamics of innovation.

### ***Data Analysis***

From the 142 speeches, we identified 260 text extracts referencing the pursuit of innovation at P&G. We next coded the data to identify the underlying narrative framing implicit within each text extract, capturing narrative justifications of innovation practices in the form of "success stories" whose meaning justified future action (Corbin and Strauss, 2015). As Benoit (1997: 23) argues, a success story is "a narrative that interprets a behavior (or action) as a success, selects and orders events related to that success, and includes a causal attribution for that success". We classified the P&G success stories in the 260 extracts as identifying with exploration, exploitation, or integration of exploration and exploitation. Consistent with Barry and Elmes (1997), in narratives valorizing a necessary and desirable break from the past, we find success attributed to exploration, favorable outcomes resulting from the disruption of entrenched routines and perspectives. By contrast, in narratives valorizing continuity with the past, we find success attributed to exploitation, favorable outcomes resulting from incremental development based on the application of validated analytical techniques. In other narratives, exploration and exploitation complement one another with success credited to the two pulling together.

Strategy innovation narratives championing exploration speak of “new”, “breakthrough”, “unique”, “transformational” and “revolutionary” technologies, products or concepts, which had created new or dramatically enlarged markets for P&G. TMT members frequently highlighted the importance of individual “creativity”, “risk-taking”, “perseverance”, and unexpected sources of inspiration and learning as crucial to past success. Innovation narratives championing exploitation use very different language. TMT members then speak of “exploiting key technologies”, “expansion of our best technologies and concepts”, “re-application of breakthrough technology” and “leveraging our technology advantage”. The exploitation mindset likewise urges “standardization of products and brands across markets”, “speed of product or technology transfer between markets”, “local tailoring of global technology”, replication of “best practices”, “success models” and “winning formulae” for products, production processes and consumer branding. Integrative narratives speak of the need for both “predictable and unpredictable rewards” and the “virtues of planning allied to providing time for pursuing big ideas and individual passions.”

Having coded the innovation narratives embedded in text extracts as “exploration”, “exploitation” or “integrative”, we next ordered them chronologically to identify significant temporal shifts in the framing of innovation in a process described by Rowlinson et al. (2014) as inductive periodization. This led to the identification and more detailed coding of four sets of narrative practices, clustered within distinct sub-periods across the 15-year study period: 1987-89, 1990-93, 1994-97 and 1998-2001. We then derived a typology of innovation narratives, each relatable to a particular sub-period (Dalpiaz and Di Stefano, 2018). Iterating abductively between data and analytical constructs, in a process of summation inspired by the Gioia methodology (Gioia et al., 2012), we grouped observed narrative practices into first order categories, second order concepts and aggregate themes, as illustrated in Figure 1. Each

of the aggregate themes, labeled *contextualizing*, *mutualizing*, *dramatizing* and *focalizing*, equates to an innovation narrative constituted by a set of narrative practices.

[FIGURE 1 HERE]

## **Findings**

By successively exploring each of the four innovation narratives in relation to notable events and decisions recorded in shareholder letters, annual reports and accounts, we develop in what follows a processual understanding of how and why changes took place in the justification of innovation priorities. This reveals an ongoing cycle of critique and resolution that maintained innovation as the focal point of corporate strategy. We quote extensively in Tables 1, 2, 3 and 4 and in the text from 56 of the 142 speeches analyzed, referenced by name of TMT speechmaker and date of speech (month and year). We provide brief details of speechmaker careers and the topics of speeches in an appendix.

### ***Contextualizing narrative of innovation (1987-89)***

A notable disruption in the strategic framing of innovation at P&G is evident in the speeches of TMT members following the company's announcement in 1987 of its first steep decline in net earnings in the post-war era. This involved both a critique of the past and the re-framing of innovation priorities, shifting the balance away from exploration toward exploitation. A marked difference existed between the successful development of new technologies, new products, and new market categories – based on the “talent” (Smale, 10/1987), “ingenuity” (Artzt, 04/1988) and “interdisciplinary” (Smale, 06/1987) perspectives of P&G people – and declining market share and profit margins in established categories. P&G had many big innovations to its credit, so the critique went, but it had singularly failed to exploit these to the full.

This critique served in 1987 to justify major organizational changes, as confirmed by

the quotations in Table 2. By introducing “category organization”, cutting across divisions, P&G sought to restore an ambidextrous balance between exploration and exploitation. CEO John Smale insisted that focusing on markets would “strengthen performance in established categories, while we grow, at the same time, in new businesses” (Smale, 06/1987). However, TMT members avoided extremes, seeking instead to maintain the tension between exploration and exploitation. Indeed, as Smale stated, increased emphasis on exploitation, expressed as commitment to profit growth based on benchmarked financial goals and profit centers, carried “the real risk that it can direct us to err on the side of short-term performance” (Smale, 04/1988). A contextualizing narrative that served to situate the business in its wider context, *emphasizing its embeddedness within different markets, product fields and jurisdictions*, enabled the TMT to keep to the fore the continuing need for both exploration and exploitation. Thus, while immediate financial problems had to be addressed by better exploiting prior innovations, organizational members were reminded that the company’s long-term future depended on its continued ability to lay “golden eggs” like Tide, the world’s first effective laundry detergent that had propelled the growth of the company for decades. Accordingly, innovation narratives became more plurivocal, comprising autonomous and variegated opinions indicative of different viewpoints (Zilber, 2006).

Under category management, delineation of roles, responsibilities and expectations was by market type, emerging (exploration oriented) or mature (exploitation oriented). On the one hand, in emerging product fields, leadership meant pursuit of “leading edge” basic research (Brunner, 11/1989), developing “proprietary technology” (Donovan, 11/1988), “to fundamentally change the game” (Blanchard, 05/1988), “fully tapping every person’s talent and ability” (Pepper, 06/1989), through a spirit of “inspiration ... pioneering and entrepreneurship” (Martin, 07/1989). On the other hand, in established categories, leadership implied driving “faster payouts on new products, including our flanker and line extensions ...



of established brands” (Artzt, 04/1988), seeking opportunities to “standardize name and basic package design” (Blanchard, 11/1989), improve “new measurement systems” (Swanson, 10/1988), and “continually improving consumer satisfaction” (Pepper, 03/1989). Contextual differentiation of product categories emphasized the importance of balancing exploration and exploitation, as Gordon Brunner, senior vice president for R&D, reflected:

“Our company’s worldwide research and product development is being directed ... by product sectors ... [For example] Laundry and Cleaning is oriented more short term than the others. This sector is currently in a phase heavily tilted toward implementing technology developed some years earlier and I expect R&D will need to shift toward the longer term to create the discontinuities that will fuel growth into the late 90s.” (Brunner, 11/1989)

Differentiation between US and international operations further served to contextualize the themes of exploration and exploitation. International operations were frequently associated with priorities based on the theme of exploitation. For example, rolling out US innovations to other jurisdictions offered opportunities for growth through “worldwide exploitation of the Company’s ... technologies and concepts” (Blanchard 11/1989), “exploiting key technologies” (Pepper, 06/1989) and “transfer of learning” (Place, 09/1989). In comparison, the US and other countries with advanced technical expertise, like Britain and Germany, were conceived as sources of “world product initiatives” (Brunner, 11/1989), “technology breakthroughs” (Martin, 07/1989), and “big edge technologies” (Artzt, 06/1988).

In sum, during this sub-period, P&G’s innovation narrative, communicated through the contextualization of exploration and exploitation as dual pathways, affirmed that both exploration and exploitation were essential for organizational success, justifying re-organization as a means of resisting the tendency for the former to dominate the latter. TMT speechmakers made the case in explaining the separated presence of exploration and

exploitation in the structural differentiation of functional units and geographical operations, in the sequential differentiation of markets, and in the differentiation of leadership roles.

[TABLE 1 HERE]

### ***Mutualizing narrative of innovation (1990-93)***

In 1990, following the departure of John Smale as CEO and his replacement by Ed Artzt, P&G embarked on a radical change in strategic direction. Under Smale, the company had been US-centric, but under Artzt – longtime head of international operations – P&G was to become a global enterprise. There were profound implications for innovation. Very quickly, TMT members began to criticize the contextualizing narrative of innovation. This had the virtue of legitimizing both innovation pathways, but it had also surfaced problems. As the quotations in Table 2 indicate, separating exploration and exploitation functionally and geographically had adverse consequences in encouraging internal rivalries and limiting potential sources of innovation. TMT members contended that P&G suffered from a “local inward focus” (Place, 04/1990), rivalry between “internal enemies” (Jager, 06/1990), and a plethora of “global category strategies and regional or local geographic strategies” (Blanchard, 08/1990), suggesting need for unity in order to “plan businesses on a worldwide basis” (Artzt, 01/1990).

A new mutualizing narrative of innovation, *emphasizing complementarities and shared dependencies between exploration and exploitation*, displaced the contextualizing narrative of innovation. Under the label “global planning”, CEO Artzt repeatedly asserted that organizational success increasingly depended on readily exploitable exploration: “Globalization means increasing the focus of Research and Development on technology that can be readily reapplied and tailored to fit our business needs everywhere” (Artzt, 01/1990). Equally, accelerating exploitation of global brands through standardization, measurement and re-application depended on “investment in science and technology (and) by tapping into the

best ideas of our people in each part of the world” (Pepper, 10/91). Recognizing the inherent mutuality between innovation pathways was in Artzt’s view fundamental to the logic of globalization:

“You’ve heard me talk about many global initiatives ... Most of these results didn’t grow magically as some great global initiative. No typically, they grew out of an individual or group of individuals identifying a need, hot housing it, getting experience with it somewhere, proving that it works [exploration]. Only then was it recognized as a success and seized as something that could be a regional or global initiative [exploitation].” (Artzt, 04/92)

A striking illustration given in TMT speeches during the sub-period is that of compact detergents. This was recognized as one of P&G’s outstanding successes in “revolutionizing” (Donovan, 11/1990), “category leading” (Donovan 06/1991), “breakthrough” transformations of the global laundry market (Pepper, 6/1992). Yet, although celebrated as P&G’s “compact discontinuity” (Lafley, 06/1993), TMT members acknowledged that the basic concept originated with Kao (a major competitor) in Japan. As Lafley admitted:

“You don’t have to invent an idea to win with it ... We must be FIRST with big ideas. Speed is a strategic weapon. The really big share and profit rewards come from excellent execution AHEAD of competition.” (Lafley, 06/1993, original capitals)

As the above extract reveals, the implication of the subsequent success of P&G’s proprietary technology, and the leadership position that it held in US, Latin America and European markets, was that success actually depended on interactions between exploration and exploitation, of swiftly exploiting the new product idea.

[TABLE 2 HERE]

### ***Dramatizing narrative of innovation (1994-97)***

The drive to globalize P&G intensified during the mid-1990s, driven in part by increasingly vocal shareholders exacting higher total shareholder returns. Executives with international experience and committed to the agenda led by Ed Artzt as CEO gained in influence, of whom three subsequent CEOs, John Pepper, Durk Jager and Alan Lafley, stand out.

Innovation, given its potential to both increase efficiency and propel growth, remained pivotal to corporate strategy. However, the mutualizing narrative of innovation came under fire as lacking in intensity and directedness, ceding too much to soft negotiation between responsible parties. This challenge initiated a fresh cycle of critique and response, as captured in the quotations in Table 3. Central to this was the charge that mutualizing had led to an excessive inward innovation focus, variously defined as “preoccupation with internal process” (Artzt, 01/1994), “inadequately focused leadership” (Moore, 03/1994) and “trappings of bureaucracy” (Pepper, 06/1995). According to Artzt, this required “a total change in mindset” (Artzt, 01/1994).

In response to perceived complacency and absorption with internal process, TMT members situated innovation within an unstable external world of threat and opportunity. We label this narrative practice as dramatizing, *emphasizing the need to raise the stakes to spur ambition and performance*. This was a term top executives used themselves in speaking about the “dramatized ... need ... to stay ahead of competition” (Einsmann, 11/1994), “the dramatic high stakes, high-pay-off game” (Cloyd, 12/1994), and “data dramatizing the size of our profit loss” (Pepper, 05/1995). According to TMT speechmakers, the organization was in a “race to leadership” (Pepper, 10/1994) against “aggressive” (Moore, 03/1994), “stiffened” (Donovan, 09/1994), “committed” (Pepper, 10/1995) and technologically capable competitors (Blanchard, 02/1996). Hyper-competition meant that more had to be made of research and product development to “win” consumers (Pepper, 10/1997) and increasingly powerful consolidated retailers (Einsmann, 11/1994).

According to the dramatized narrative of innovation stated most forcefully after Pepper became CEO in 1995, the ultimate purpose of innovation was to create superior consumer value, and to beat the competition P&G must outperform its rivals. The priority was to produce technologically superior, distinctive products (exploration) at affordable

prices, which in turn demanded higher levels of efficiency (exploitation). Thus, as Pepper argued, consumers should ultimately decide the right balance between exploration and exploitation:

“Leadership brand equity is founded in the marriage of deep insights into consumer needs, superior technology that creates a product to meet those needs, pricing that consumers judge offers ‘best value’ and a package design and outstanding advertising that communicate our benefits. When we get this mix right, consumers respond enthusiastically.” (Pepper, 05/1996)

The narrative practice of dramatizing, by drawing on an external perspective, fostered a complex synthesized understanding of contradictions. Guided by the perception of consumer value as the determining factor for market dominance, innovation priorities must be responsive to market feedback. As one TMT speechmaker observed:

“Standing back ... I believe we’ve been ‘out-ideaed’ this past year, as competition has launched innovative new, concept-driven products. The keys to recovery will be to reestablish product superiority and lead the market with meaningful new concepts. On the product front, we will open new test markets this spring.” (Blanchard, 02/1996)

Likewise, if sales of a new product proved disappointing, exploitation offered the best means of improving the value proposition and increasing sales. When P&G failed to meet its volume expectations in laundry, for example, the remedy lay in standardization, simplification and re-application so that P&G could “selectively take [its] prices down where [its] value was in question” (Pepper, 10/1995). In this way, the TMT argued that reconciling tensions between exploration and exploitation was no longer simply a matter of internal judgement. Rather, by responding appropriately to market signals, the organization could continuously re-balance priorities, oscillating as necessary between the poles of exploration and exploitation.

[TABLE 3 HERE]

### ***Focalizing narrative of innovation (1998-2001)***

The strenuous push for global growth and increased profitability at P&G in the event proved difficult to maintain. Problems of coordination emerged as the organization grew in scale and scope, leading to a thoroughgoing organizational redesign, Organization 2005, begun in 1998. The new structure, a matrix with seven product global business units and eight territorial market development organizations, constituted “a deliberate effort to change P&G’s culture, which the architects deemed too slow, cautious and risk averse for a highly competitive environment” (Dyer et al., 2004: 296). At the same time, the dramatizing narrative of innovation came under assault as too cautious, too focused on exploitation to deliver the step change in growth and profitability sought by the TMT. This demanded instead, as the quotes in Table 4 confirm, a new, more focused approach to innovation that prioritized exploration to deliver robust, game-changing innovation (Lafley and Charan 2008). Durk Jager, who became CEO in 1999, took responsibility for delivery, replaced by Alan Lafley after just one year when he lost the confidence of shareholders.

The familiar cycle of critique and response played out in executive speeches as TMT members sought to get senior managers behind Organization 2005 and the pursuit of breakthrough innovations. Compared to the disruptive innovations championed by internet-based companies, for example, P&G had become “stagnant” (Pepper, 09/98), “unresponsive to consumer demand” (Lafley, 11/99) and “typically ... doing the same things as the competition ... rather than doing very different things” (Berndt, 07/1998). In short, contrary to previous assertions, exploitation predominated:

“Even in perennially under-performing categories, the strategic debate almost never extended to a discussion of radically different, breakthrough alternatives ... Discontinuous, out of the box alternatives rarely made it to the discussion ... A sure sign that the strategic exploration wasn’t divergent enough at the outset.” (Berndt 07/1998)

The new focalizing narrative of innovation, *emphasizing a more focused approach to innovation* that prioritized exploration over exploitation and infused it with value creation for

consumers, grew out of this reflexively generated critique. TMT speechmakers now shifted emphasis from the intensity of competition to the relationship between the organization and its consumers. In speeches, “the consumer” was no longer an abstract category, but increasingly personified through use of adjectives such as “demanding” (Lafley, 11/1999), “responsive” (Pepper, 09/1998), and “smarter and more sophisticated” (Berndt, 06/1999). Lafley frequently reminded colleagues “the consumer is boss” (Lafley, 10/2001) and of the challenge to “delight the consumer” (Lafley, 11/1999).

Elevating the consumer perspective within the organizational drama underlined the primacy of exploration:

“Companies like Amazon.com are creating fundamentally new business models. And once consumers are exposed to the Amazon shopping experience they expect that same level of service from other transactions. In addition to this companies like Intel and Netscape have established an unprecedented standard for the pace of innovation.” (Berndt, 06/1999)

Instead of performance metrics, TMT members stressed the need for “creative energy” (Pepper, 09/1998), a “spirit of entrepreneurship” (Lafley, 08/1999), and “personal bonds” with consumers (Lafley, 10/2001). “Totally new-to-the-world categories”, observed one speechmaker, “create organizational passion” (Egasti, 06/1999). Referencing the “golden era” of disruptive P&G innovation further reinforced the message:

“Simply put, innovation is a pre-requisite for growth. There is no other path. Let me use Tide as an example of how innovation drives brand growth. Note how every case of significant business growth was stimulated by a new technology. Enzymes, 1968; Liquids, 1985; Bleach, 1988; Ultra Tide, 1990; Lipolase, 1993; Carazyme, 1994; Ultra II agglomeration, 1996; and Tide Disinfecting, 1999 ... And innovation has to occur across the enterprise ... on our big global brands, on new brands with global potential, on entirely new lines of business, on new alliances and joint ventures, everywhere.” (Lafley, 07/2000)

In embracing the focalizing narrative of innovation, TMT members resolved the tension between exploration and exploitation through re-commitment to P&G’s historic values (Maclean et al., 2014). Organizational priorities, couched in the uplifting theme of exploration, were presented as “core” (Pepper, 08/1998) unchanging “values, principles and

purpose” (JE Pepper, 9/98). Far-reaching changes in organizational structures and processes were justified by the overarching need “to generate the flowering of new innovation” (Pepper, 09/1998) in “a future which we now set out to create and own for ourselves and the Company as never before” (Pepper, 08/1998).

[TABLE 4 HERE]

## **Discussion**

We began our research by asking how discursively constructed and communicated narratives of innovation support the accomplishment of organizational ambidexterity, given persistent tensions arising from the exploration-exploitation paradox. Our detailed case study of the narrative practices of P&G TMT speechmakers has revealed the sequential construction and communication of four distinct innovation narratives over a 15-year period, which we label *contextualizing* (1987-89), *mutualizing* (1990-93), *dramatizing* (1994-97) and *focalizing* (1998-2001). As we reconstructed these narratives and placed them in the context of business developments, we gained insights into how managers made practical use of innovation narratives to justify the contradictory organizational priorities they established. We contend that it was through a process of ongoing critique and resolution that a narrative infrastructure of organizational ambidexterity emerged; in which participants were both constrained and enabled by the duality they articulated (Fenton and Langley, 2011; Sonenshein, 2010). We present our empirical model in Figure 2 showing how the company progressed through four phases of critique and resolution, concluding with an innovation narrative extolling the virtues of exploration-based innovation. That this end-point in 2001 is similar to the innovation narrative prevailing immediately before the first critique began in 1987 is telling. We infer that in wrangling with the competing demands of exploration and exploitation, organizational leaders must periodically switch between innovation narratives to maintain an effective ambidextrous stance.



[FIGURE 2 HERE]

The first contribution of our research, therefore, is to delineate the four distinctive innovation narratives that P&G's TMT constructed and communicated in accomplishing ambidexterity between 1987 and 2001. Through the narrative practice of *contextualizing* (Brown, 2006; Fenton and Langley, 2011; Zilber, 2006), underlining P&G's embeddedness within variegated contexts, markets, and product fields (Maclean et al., 2018b), TMT members divided responsibility for exploration and exploitation geographically, functionally and hierarchically. In this way, we show that TMT members at P&G provided accounts of structural (March, 1991; O'Reilly and Tushman, 2008) and sequential (March, 1991; Nickerson and Zenger, 2002; Simsek et al., 2009) ambidexterity to justify the specialized pursuit of alternative perspectives on organizational innovation. The effect of establishing a temporal or spatial contrast was to enable senior managers to emphasize one pathway as the central concern here and now for a particular audience, while the opposing pathway was "distanced", pursued elsewhere or at other times within the organization (Laine and Vaara, 2007).

Through the narrative practice of *mutualizing* (Graumann, 1995), highlighting complementarities, interactions and shared dependencies between priorities, TMT members emphasized the interplay between exploration and exploitation. This challenged any rigid, fixed distinctions between pathways. Instead, there was recognition that each pathway, regardless of the location, role or hierarchical position with which it was associated, necessarily contained, foreshadowed, and implied properties of the other. This is consistent with the work of scholars who have identified possibilities for ambidexterity in the complementarity (Farjoun, 2010; Gulati and Puranam, 2009) or "inter-play of system capacities" (Gibson and Birkinshaw, 2004: 211). As other commentators have suggested, such interplay to address inherent tensions and enable change is fostered when participants

maintain a dialogue between the perspectives they hold (Abdallah et al., 2011; Lüscher and Lewis, 2008; Jarzabkowski et al., 2013). Our findings here extend this research by specifying how such interacting ambidextrous responses are justified in innovation narratives (Gibson and Birkinshaw, 2004; Gulati and Puranam, 2009).

Through the narrative practice of *dramatizing* (Carlsen, 2006; Czarniawska, 1997; Vaara et al., 2006), consciously raising the stakes to spur organizational ambition and performance, TMT members situated the interplay between exploration and exploitation within the suspenseful setting of intense organizational rivalry. The effect was to subordinate the negotiated balance between innovation pathways to blending exploration and exploitation on a product-by-product basis, creating superior “value” for consumers and resisting competitive threats. Speechmakers raised the stakes by demonstrating how competitors in some markets had out-innovated and out-maneuvered P&G to command increased market shares. Combining exploration and exploitation in a more targeted way could enhance the value propositions of individual products, improving quality and reducing prices, countering the challenges made by ambitious rivals. Evidencing use of comparative assessments of ambidexterity at a granular level extends our understanding of how the paradoxes of innovation are managed (Abdallah et al., 2011; Bednarek et al., 2017; Jarzabkowski et al., 2013; Lewis, 2000). We show how focusing on the intensity of competition impelled movement towards a higher level of understanding whereby tensions were interpreted as “complex interdependences rather than competing interests” (Jarzabkowski et al., 2013: 249). Oscillating between alternative perspectives in effect constitutes a transcendent response to paradox triggered and maintained by the dramatizing narrative of innovation (Bednarek et al., 2017).

Through the narrative practice of *focalizing* (Abbott, 2002; Eco, 1994; Fairclough, 2003), promoting a more focused approach to innovation, TMT members made value

creation for consumers the focal point of innovation. Emphasis on the subjective meaning of “value” challenged the notion of an ambidextrous balance between exploration and exploitation as the transcendent organizational objective. The TMT argued that the theme of exploration predominated in consumers’ expectations of P&G products. Exploration, as P&G’s *leitmotif*, fundamental to its greatest successes, now returned as the guiding light of strategy. Exploitation ranked lower down the value hierarchy, understood to be a source of efficiency, incremental improvements and profits and enabling the quest for disruptive products and technologies, but not as an end in its own right (Golant et al., 2015). Thus, P&G’s leadership team completed a cycle of innovation narratives, returning to the passionate enthusiasm for exploration prevailing before 1987. The inference we draw is that, for some organizations at least, ambidexterity does not always imply equivalence between innovation pathways. These findings depart from the argument made by Boumgarden et al. (2012) that organizations may shift, at certain times, to emphasize either pole of a learning paradox. Rather, we contend, organizations strongly identified with innovation may systemically favor exploration in aspirational narratives of innovation (Ravasi and Phillips, 2011; Ravasi and Schultz, 2006).

The second contribution we make is to demonstrate the importance of TMT reflexivity in generating and transitioning from one innovation narrative to another. One of the most striking aspects of the entire 15-year study period is the intensity with which the P&G TMT critically appraised policies and performance to locate weaknesses and search for solutions. This fits with Putnam et al.’s (2016: 132) identification of “a type of awareness in which actors can formulate in thought and words what is happening and reflect on why and how it occurs”. At P&G, the TMT never clung for long to a dominant innovation narrative. Instead, at 3-4 year intervals they concluded that the prevailing narrative had lost its power to support strategy, rapidly moving on to formulate an alternative that better supported current

priorities. As Putnam et al. (2016) suggest, it is through such “discursive awareness” that managers can justify new formulations of collective priorities for action, a conclusion that finds support in the literature on reflexivity in teams (Konradt et al., 2016).

At P&G, reflexivity, as a form of externally referential organizational self-criticism, is a practice embedded within its TMT, handed down from one generation of top executives to the next, fostered by a strict policy of promotion from within (Golant et al., 2015; Lafley and Chan, 2008; Maclean et al., 2014; Pepper, 2005). Declining organizational profitability spurred the contextualizing narrative of innovation in 1987, attributing this to prior neglect of exploitation (first critique). Next, the TMT observed that the contextualizing narrative, formulated to restore the balance between exploration and innovation, had generated unanticipated conflict between groups responsible for different forms of innovation (second critique). In turn, the mutualizing narrative of innovation, which was designed to find new ways of inter-relating and blurring the boundaries between innovation pathways, was seen to have bred complacency and indecision, impeding the discovery and development of new products and technologies (third critique). Finally, the dramatizing narrative of innovation, intended to make innovation decisions more responsive to market feedback, was rejected because it turned P&G into a “me too” business, its products lacking the distinctive qualities valued by ever more demanding consumers (fourth critique). In this way, P&G came full circle, returning to the focalizing narrative of innovation abandoned in 1987 because of failure to exploit potential competitive advantages.

The third contribution made by our research is to provide, by way of our cyclical model of critique and resolution, a deeper understanding of how discursively constructed narratives of innovation support the accomplishment of organizational ambidexterity. At P&G, the recurrent formulating, communicating, criticizing and substituting of innovation narratives, kept managers throughout the organization alert to the necessity to foster both

exploration and innovation. Priorities communicated within innovation narratives may periodically have changed, but the overall effect, whatever the prevailing narrative, was to exhort fresh innovation initiatives and demand delivery of others already in the pipeline. In making this argument, we move beyond static conceptions of ambidexterity towards a more dynamic longitudinal perspective (Raisch and Zimmerman, 2018; Schad et al., 2016; Smith and Lewis, 2011; Smith, 2014). Our cyclical model of critique and resolution further illustrates how TMTs are able to sustain narratives over time (Dalpiaz and Di Stefano, 2018).

This leads to our fourth and final contribution. The complex, dynamic inter-weaving of exploration and exploitation within innovation narratives provides a valuable empirical illustration of a “polyphonic” model of narrative strategizing (Boje, 2008). As Barry and Elmes (1997: 434) suggest, “to be successful [in this], authors must (a) convince readers/listeners that a narrative is plausible within a given orienting context and (b) bring about a different way of viewing things, one which renews our perception of the world.” The multiple authors of successive innovation narratives in play at P&G, we suggest, succeeded in both these respects, repeatedly framing and re-framing ambidextrous organizational approaches to innovation, setting in train a “virtuous circle” of ambidexterity, as observed by Andriopoulos and Lewis (2009). The aspirational ideal of ambidexterity, expressed by the contradictory relationship between exploration and exploitation, effectively defined the organization and its economic (profit) and social (consumer value) purposes. TMT members licensed colleagues to exercise agency through the articulation of innovation narratives addressing perceived problems, inconsistencies and contradictions. It was precisely by acknowledging and engaging with counter-narratives that the means emerged to renew perceptions of the organization and to co-generate further possibilities for collective and individual action (Frandsen et al., 2017; Kuhn, 2017).

Our study demonstrates the dynamic capacity of narrative and narration to engage with the tensions and contradictions associated with the framing of collective strategic action (Fenton and Langley, 2011; Holstein et al., 2018). Members of P&G's TMT came to grips with the competing logics of exploration and exploitation through dialogism within and between narrative practices (Boje, 2008; Boje et al., 2016), which recognized that different logics could co-exist and interact (De La Ville and Mounoud, 2010). Through our analysis of innovation narratives at P&G and the transitions between them, we highlight narration as a form of political action (Balogun et al., 2014; Kaplan, 2008; Maclean et al., 2018b). Such action is designed to accomplish what Brown and Thompson (2013) argue is the key strategic task of nurturing and suturing together variegated voices into an orderly whole to further goal-directed organizational endeavors.

### ***Limitations and implications for future research***

It is not possible to draw strong empirical conclusions from research based on a single case study, given obvious limits to generalizability. How common are the innovation narratives found at P&G? Was the cycle of critique and response in operation elsewhere? Is TMT reflexivity typically a critical variable in generating performative narratives of innovation? Answers to these and other questions require extensive research. Thus, we conceive our study as illustrative of the processual understanding that narrative analysis provides rather than yielding generally applicable conclusions (Pentland, 1999). Our case provides insights into how TMT members avoid ensnarement by particular approaches to innovation, but our data cannot establish whether and to what extent managers at different levels, in different functions and locations within the organization responded positively to these shifts in interpretation. Further "antenarrativist" (Boje, 2014) and "living story" (Rosile et al., 2013) research is needed to establish how, when and where narratives of innovation are adopted, and how and why resistance to a particular narrative practice emerges.

Furthermore, while we offer a model of critique and resolution by which senior managers at P&G navigated contingently appropriate approaches to innovation, we do not see this as the only way in which senior executives in similar circumstances might proceed. Further research might discover the use of other narrative practices in response to the exploration-exploitation paradox or whether innovation narratives identified at P&G could occur in a different order and with different effects. There is also no a priori reason why the interpretive process should begin with the contextualizing narrative practice observed in our case study of P&G. Hence, subsequent work could uncover alternative ways in which progressive or regressive cycles of interpretation emerge (Smith and Lewis, 2011), and how and why managers may deliberately or inadvertently foster a potentially inertial focus on a particular narrative practice.

Related to the previous opportunity for research, we chose to focus on the strategizing of innovation. However, as Sheep et al. (2017) contend, this corresponds more with the chosen theoretical objective of researchers, and neglects the frequently nested, or “knotted”, interpretation of contradictions and tensions in organizations. The narrative practices we highlight may also convey movement between an organizing paradox (Lewis, 2000; Smith and Lewis, 2011) of empowerment (implied by contextualizing and mutualizing narrative practices) versus control (implied by dramatizing and focalizing narrative practices).

Finally, we view our narrative perspective as complementary to the varied structural, behavioral and cognitive approaches to ambidexterity. Our approach has highlighted the interpretive work that precedes, accompanies and reflects on the structures, routines and mindsets developed to address challenges involved in accomplishing ambidexterity. It is beyond the scope of our paper and data to measure and evaluate the extent to which such endeavors met with success. Yet, as Sillince (2005) contends, differentiation or integration between discursive devices and structures, routines and mindsets may have significant

performance effects among teams (Lubatkin et al., 2006). We agree with Fairhurst et al. (2016) that a meta-perspective on organizational contradictions drawing on variegated paradigms and theories that position them in dialogue with each other could prove fruitful.

### ***Practical implications***

As a long-lived and consistently profitable organization, P&G has a reputation for developing highly effective organizational leaders (Dyer et al., 2004; Pepper, 2005). Our research suggests that one of the qualities these leaders possess is the ability to embrace, not simply accept, the pervasive presence of organizational contradictions. This requires the discursive awareness needed reflexively to evaluate, in a timely fashion, the consequences of approaches adopted in engaging with contradictory situations (Putnam et al., 2016). Their skills are not those lauded in heroic, romantic models of leadership, but more prosaically those needed convincingly to articulate contextually contingent and necessarily provisional priorities for action (Fairhurst, 2007). By means of reflexive and creative interpretations of complex situations, P&G TMT members overcame the inertial constraints of established innovation narratives through a process of critique and resolution (Geiger and Antonacopoulou, 2009). The challenge then is to sustain complex, variegated arrangements of intersecting perspectives, to recognize their relative appropriateness, and to remain sensitive to their provisional status within cycles of strategic change (Boje, 2008). This involves practical authoring of the polyphonic contradictions of the organizational domain (Barry and Elmes, 1997; Boje, 2008; Brown and Thompson, 2013; Cunliffe, 2001; Maclean et al., 2018a). Indeed, it is through multi-faceted interpretations of prevailing social situations that narrative interpretation makes possible the justification of complex responsive actions (Cunliffe et al., 2004).

### **Conclusion**



Our empirical study of the role of innovation narratives in accomplishing ambidexterity at P&G is consistent with an interest in alternative modes of expression that have been the focus of the postmodern turn in organizational studies (Calás and Smircich, 1999). A “postmodern” perspective favors the de-stabilization of “grand narratives” without necessarily undermining the interpretive, co-orienting benefits of the narrative form. In place of the impersonal, authoritative unitary account, we are encouraged to engage in polyphonic narration (Barry and Elmes, 1997; Gergen and Whitney, 1996), wherein multiple, potentially conflicting perspectives are explicitly recognized and negotiated over time in order continuously to sustain maximum engagement with the here and now (Bakhtin, 1981). Thus, constructing and communicating innovation narratives may be understood not only as supporting a collective striving for coherence but also as contextually recognizing its perils to ensure, as Shotter (1993) argues, that we eschew ensnarement within the confines of the narrative accounts we purvey.

## References

- Abbott HA (2002) *The Cambridge Introduction to Narrative*. Cambridge: Cambridge University Press.
- Abdallah C, Denis J-L and Langley A (2011) Having your cake and eating it too: Discourses of transcendence and their role in organizational change dynamics. *Journal of Organizational Change Management* 24(3): 333-348.
- Alvesson M and Kärreman D (2000) Taking the linguistic turn in organizational research: Challenges, responses, consequences. *Journal of Applied Behavioral Science* 36(2): 136-158.
- Andriopoulos C and Lewis B (2009) Exploitation-exploration tensions and organizational ambidexterity: Managing paradoxes of innovation. *Organization Science* 20 (4): 696-717.
- Bakhtin MM (1981) *The Dialogic Imagination* (M. Holquist, M. Ed.; Emerson, C. and Holquist, M. Trans.) Austin, TX: University of Texas Press.
- Balogun J, Jacobs C, Jarzabkowski P, Mantere S and Vaara E (2014) Placing strategy discourse in context: Sociomateriality, sensemaking and power. *Journal of Management Studies* 51(2): 175-201.

- Barry D and Elmes M (1997) Strategy retold: Toward a narrative view of strategy discourse. *Academy of Management Review* 22(2): 429-453.
- Bartel CA and Garud R (2009) The role of narratives in sustaining organizational innovation. *Organization Science* 20(1): 107-117.
- Bednarek R, Paroutis S and Sillince JAA (2017) Transcendence through rhetorical practices: Responding to paradox in the science sector. *Organization Studies* 38(1): 77-101.
- Benoit PJ (1997) *Telling the Success Story: Acclaiming and Disclaiming Discourse*. Albany, NY: SUNY press.
- Boje DM (1991) The storytelling organization: A study of story performance in an office-supply firm. *Administrative Science Quarterly* 36(1): 106-126
- Boje DM (1995) Stories of the storytelling organization: A postmodern analysis of Disney as 'Tamara-land'. *Academy of Management Journal* 38(4): 997-1035.
- Boje DM (2001) *Narrative Methods for Organizational and Communication Research*. London: Sage.
- Boje DM (2008) *Storytelling Organizations*. London: Sage.
- Boje DM (2014) Introduction to agential antenarratives that shape the future of organizations. In Boje DM (ed.) *Storytelling and the Future of Organizations*. Abingdon: Routledge, pp.1-19.
- Boje DM, Haley UCV and Saylor R (2016) Antenarratives of organizational change: The microstoria of Burger King's storytelling in space, time and strategic context. *Human Relations* 69(2): 391-418.
- Boumgarden P, Nickerson J and Zenger TR (2012) Sailing into the wind: Exploring the relationships among ambidexterity, vacillation, and organizational performance. *Strategic Management Journal* 33(6): 587-610.
- Brown AD (2006) A narrative approach to collective identities. *Journal of Management Studies* 43(4): 731-753.
- Brown AD and Thompson ER (2013) A narrative approach to strategy-as-practice. *Business History* 55(7): 1143-1167.
- Brown, B and Scott AD (2011) How P&G tripled its innovation success rate. *Harvard Business Review*, June 2011: 2-10.
- Buchanan D and Dawson P (2007) Discourse and audience: Organizational change as multi-story process *Journal of Management Studies* 44(5): 669-686.<sup>[1]</sup><sub>SEP</sub>
- Calás MB and Smircich L (1999) Past postmodernism? Reflections and tentative directions. *Academy of Management Review* 24(4): 649-671.

- Cao, Q, Gedajlovic E and Zhang H (2009) Unpacking organizational ambidexterity: Dimensions, contingencies, and synergistic effects. *Organization Science* 20(4):781-796.
- Carlsen A (2006) Organizational becoming as dialogic imagination of practice: The case of the indomitable Gauls. *Organization Science* 17(1): 132-149.
- Chen J, Miller D and Chen M-J (2019) Top management team time horizon blending and organizational ambidexterity. *Strategic Organization* online <https://doi.org/10.1177/1476127019883669>.
- Cheney G, Christensen LT, Conrad C and Lair DJ (2004) Corporate rhetoric as organizational discourse. In Grant D, Hardy C, Oswick C and Putnam LL (eds.) *Sage Handbook of Organizational Discourse*. London: Sage, pp.79-104.
- Corbin J and Strauss A (2015) *Basics of Qualitative Research: Grounded Theory, Procedures, and Techniques*. Sage: Newbury Park, CA.
- Cunliffe AL (2001) Managers as practical authors: Reconstructing our understanding of management practice. *Journal of Management Studies* 38(3): 351-372.
- Cunliffe A and Eriksen M (2011) Relational leadership. *Human Relations*, 64 (11):1425-1449.
- Cunliffe AL, Luhman JT and Boje DM (2004) Narrative temporality: Implications for organizational research *Organization Studies*, 25(2): 261-286.
- Czarniawska B (1997) *Narrating the Organization: Dramas of Institutional Identity*. Chicago, IL: University of Chicago Press.
- Dalpiatz, E and Di Stefano, G. (2018) A universe of stories: Mobilizing narrative practices during transformative change. *Strategic Management Journal* 39(3): 664-696.
- De La Ville VI and Mounoud E (2010) A narrative approach to Strategy as Practice: Strategy making from texts and narratives. In Golsorkhi D, Rouleau L, Seidl D and Vaara E (eds.) *Cambridge Handbook of Strategy as Practice*. Cambridge: Cambridge University Press, pp.183-197.
- Duncan R B (1976) The ambidextrous organization: Designing dual structures for innovation. In Kilmann RH, Pondy LR and Slevin D (eds.) *The Management of Organization Design Strategies and Implementation*. New York: North Holland, pp.167-188.
- Dunford R and Jones D (2000) Narrative in strategic change. *Human Relations* 53(9): 1207-1226.
- Dyer D, Dalzell F and Olegario R (2004) *Rising Tide: Lessons from 165 years of Brand Building at Procter & Gamble*. Boston: Harvard University Press.
- Eco U (1994) *The Limits of Interpretation*. Bloomington, Indiana: Indian University Press.

Eisenhardt KM and Brown S.L (1997) The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting organizations. *Administrative Science Quarterly* 42(1): 1–34.

Fairclough N (2003) *Analysing Discourse: Textual Analysis for Social Research*. London: Routledge.

Fairhurst GT (2007) *Discursive Leadership*. Thousand Oaks, CA: Sage.

Fairhurst GT, Smith WK, Bangart SG, Lewis MW, Putnam LL, Raisch S and Schad J. (2016) Diverging and converging: Integrative insights on a paradox meta-perspective. *Academy of Management Annals* 10(1): 173-182.

Farjoun M (2010) Beyond dualism: Stability and change as a duality. *Academy of Management Review* 35(2): 202-225.

Fenton C and Langley A (2011) Strategy as practice and the narrative turn. *Organization Studies* 32(9): 1171-1196.

Frandsen S, Kuhn T and Lundholt MW (2017) Introduction. In Frandsen S, Kuhn T and Lundholt MW (eds.) *Counter-narratives and Organization*. Abingdon, Oxon: Routledge, pp.1-14.

Geiger D and Antonacopoulou E (2009) Narratives and organizational dynamics: Exploring blindspots and organizational inertia. *Journal of Applied Behavioral Science* 45(3): 411-436.

Gergen KJ and Whitney D (1996) Technologies of representation in the global corporation: Power and polyphony. In Boje DM, Gephart RP, and Thatchenkery TJ, (eds) *Postmodern Management and Organization Theory*. Thousand Oaks, CA: Sage, pp.331-358.

Gibson CB and Birkinshaw J (2004) The antecedents, consequences and mediating role of organizational ambidexterity. *Academy of Management Journal* 47(2): 209–226.

Gioia DA, Corley KG and Hamilton AL (2012) Seeking qualitative rigor in inductive research: Notes of the Gioia methodology. *Organizational Research Methods* 16(1): 15-31.

Golant BD, Sillince JAA, Harvey C and Maclean M (2015) Rhetoric of stability and change: The organizational identity work of institutional leadership. *Human Relations* 68(4): 607-631.

Graumann CF (1995) Commonality, mutuality and reciprocity: A conceptual introduction. In Morkova I, Graumann CF and Foppa K (eds.) *Mutualities in Dialogue*. Cambridge: Cambridge University Press, pp.1-24.

Gulati R and Puranam P (2009) Renewal through reorganization: The value of inconsistencies between formal and informal organization. *Organization Science* 20(2): 422-444.<sup>[17]</sup><sub>[SEP]</sub>

Holstein J, Starkey K and Wright M (2018) Strategy and narrative in higher education. *Strategic Organization* 16(1): 61-91.

- Jansen JPP, Tempelaar MP, van den Bosch FAJ and Volberda HW (2009) Structural Differentiation and Ambidexterity: The Mediating Role of Integration Mechanisms. *Organization Science* 20(4):797-811.
- Jarzabkowski P, Lê JK and Van de Ven AH (2013). Responding to competing strategic demands: How organizing, belonging, and performing paradoxes coevolve. *Strategic Organization* 11(2): 245-280.
- Jørgensen KM and Boje D (2010) Resituating narrative and story in business ethics. *Business Ethics* 19(3): 253-264.
- Junni, P, Sarala RM, Taras V and Tarba SY (2013) Organizational ambidexterity and performance: A meta-analysis. *Academy of Management Perspectives* 27(4): 299-312.
- Kaplan S (2008) Framing contests: Strategy making under uncertainty. *Organization Science* 19: 729-752.
- Kaplan S and Orlikowski WJ (2013) Temporal work in strategy making. *Organization Science* 24: 965-995.
- Konradt U, Otte K-P, Schippers MC and Steenfath C (2016) Reflexivity in teams: A review and new perspectives. *The Journal of Psychology* 150(2): 153-174.
- Kuhn T (2008) A communicative theory of the firm: Developing an alternative perspective on intra-organizational power and stakeholder relationships. *Organization Studies* 29(08-09): 1227-1254.
- Kuhn T (2017) Communicatively constituting organizational unfolding through counter-narrative. In Frandsen S, Kuhn T and Lundholt MW (eds.) *Counter-narratives and Organization*. Abingdon, Oxon: Routledge, pp.43-63.
- Lafley AG and Charan R (2008) *The Game-Changer: How You Can Drive Revenue and Profit Growth With Innovation*. New York: Crown Publishing.
- Laine P-M and Vaara E (2007) Struggling over subjectivity: A discursive analysis of strategic development in an engineering group. *Human Relations* 60(1): 29-58.
- Lavie D and Rosenkopf L (2006) Balancing exploration and exploitation in alliance formation. *Academy of Management Journal* 49(4): 797-818.
- Lavie D, Stettner U and Tushman ML (2010) Exploration and exploitation within and across organizations. *Academy of Management Annals* 4(1): 109-155.
- Levinthal DA and March JG (1993) The myopia of learning. *Strategic Management Journal* 14(S2): 95-112.
- Lewis, MW (2000) Exploring paradox: Toward a more comprehensive guide. *Academy of Management Review* 25(4): 760-776.

- Lewis MW and Grimes AI (1999) Metatriangulation: Building theory from multiple paradigms. *Academy of Management Review* 24(4): 672–690.
- Lubatkin MH, Simsek Z, Ling Y, and Veiga JF (2006) Ambidexterity and performance in small-to-medium-sized firms: The pivotal role of top management team behavioral integration. *Journal of Management* 32(5): 646-672.
- Lüscher LS and Lewis MW (2008) Organizational change and managerial sensemaking: Working through paradox. *Academy of Management Journal* 51(2): 221-240.
- Maclean M, Harvey C, Sillince JAA and Golant BD (2014) Living up to the past? Ideological sensemaking in organizational transition. *Organization* 21(4): 543-567.
- Maclean M, Harvey C, Sillince JAA and Golant BD (2018a) Intertextuality, rhetorical history and the uses of the past in organizational transition. *Organization Studies* 39(12): 733-1755.
- Maclean M, Harvey C, Suddaby R and O’Gorman K (2018b) Political ideology and the discursive construction of the multinational hotel industry. *Human Relations* 71(6): 766-795.
- Mantere S, Schildt H and Sillince JAA (2012) Reversal of strategic change. *Academy of Management Journal* 55(1): 172-196<sup>[1]</sup><sub>SEP</sub>.
- March JG (1991) Exploration and exploitation in organizational learning. *Organization Science* 2(1): 71-87.
- Martin A, Keller A and Fortwengel J (2019) Introducing conflict as the microfoundation of organizational ambidexterity. *Strategic Organization* 17(1): 38-61.
- Mom, TJM, van den Bosch, FAJ and Volberda, HW (2009) Understanding variation in managers’ ambidexterity: investigating direct and interaction effects of formal structural and personal coordination mechanisms. *Organization Science* 20(4): 812-828.
- Nickerson JA and Zenger TR (2002) Being efficiently fickle: a dynamic theory of organizational choice. *Organization Science* 13(5): 547-566.
- Nosella A, Cantarello S and Filippini (2012) The intellectual structure of ambidexterity: A bibliographic investigation into the state of the art. *Strategic Organization* 10(4): 450-465.
- O’Reilly CA and Tushman ML (2008) Ambidexterity as a dynamic capability: Resolving the innovator’s dilemma. *Research in Organizational Behavior* 28: 185-206.
- O’Reilly CA and Tushman ML (2013) Organizational ambidexterity: Past, present and future. *Academy of Management Perspectives* 27(4): 324-338.
- Papachroni A, Heracleous L and Paroutis S (2015). Organizational ambidexterity through the lens of paradox theory: Building a novel research agenda. *Journal of Applied Behavioral Science* 51(1): 71-93.
- Pentland BT (1999) Building process theory with narratives: from description to explanation. *Academy of Management Review* 24(5): 711–724.

Pepper J (2005) *What Really Matters*. Cincinnati: Procter & Gamble.

Phillips N and Hardy C (2002) *Discourse Analysis: Investigating Processes of Social Construction*. London: Sage.

Putnam LL, Fairhurst GT and Banghart S (2016) Contradictions, dialectics, and paradoxes in organizations: A constitutive approach. *Academy of Management Annals* 10(1): 5-64.

Raisch, S., and Birkinshaw, J. (2008) Organizational ambidexterity: antecedents, outcomes, and moderators. *Journal of Management* 34: 375-409.

Raisch S, Birkinshaw J, Probst G and Tushman M L (2009) Organizational ambidexterity: Balancing exploitation and exploration for sustained performance. *Organization Science* 20(4): 685–695.

Raisch S and Zimmermann A (2018) Pathways to ambidexterity: A process perspective on the exploration-exploitation paradox. In Smith WK, Lewis MW, Jarzabkowski P and Langley A (eds). *The Oxford Handbook of Organizational Paradox*. Oxford: Oxford University Press, pp.315-332.

Ravasi D and Phillips N (2011) Strategies of alignment: Organizational identity management and strategic change at Bang & Olufsen. *Strategic Organization* 9(2): 103-135.

Ravasi D and Schultz M (2006) Responding to organizational identity threats: Exploring the role of organizational culture. *Academy of Management Journal* 49(3): 433-458.

Robichaud D, Giroux H and Taylor JR (2004) The metaconversation: The recursive property of language as a key to organizing. *Academy of Management Review* 29(5): 617-634.

Rosile G, Boje D, Carlon D, Downs A and Saylor, R (2013) Storytelling diamond: An antenarrative integration of the six facets of storytelling in organization research design. *Organizational Research Methods* 16(4): 557-580.<sup>[11]</sup><sub>SEP</sub>

Rowlinson M, Hassard J and Decker S (2014) Research strategies for organizational history: A dialogue between historical theory and organization theory. *Academy of Management Review* 39(3): 250-274.

Schad, J, Lewis MW, Raisch S and Smith WK (2016) Paradox research in management science: Looking back to move forward. *Academy of Management Annals* 10(1): 65-171.

Sheep, ML, Fairhurst GT and Khazanchi S (2017) Knots in the discourse of innovation: Investigating multiple tensions in a reacquired spin-off. *Organization Studies* 38(3-4): 463-488.

Shotter J (1993) *Conversational Realities*. Buckingham: Open University Press.

Sillince JAA (2005). A contingency theory of rhetorical congruence. *Academy of Management Review* 30(3): 608-621.



- Sillince JAA, Harindranath G and Harvey CE (2001) Getting acceptance that radically new working practices are required: Institutionalisation of arguments about change within a healthcare organisation. *Human Relations* 54(11): 1421-1454.
- Sillince JAA and Mueller F (2007) Switching strategic perspective: The reframing of accounts of responsibility. *Organization Studies* 28(2): 155-176.
- Simsek Z (2009) Organizational ambidexterity: Towards a multilevel understanding. *Journal of Management Studies* 46(4): 597-624.
- Simsek Z, Heavey C, Veiga JF and Souder D (2009) A typology for aligning organizational ambidexterity's conceptualizations, antecedents, and outcomes. *Journal of Management Studies* 46(5): 864-894.
- Smith WK (2014) Dynamic decision making: A model of senior leaders managing strategic paradoxes. *Academy of Management Journal* 57(6): 1592-1623.
- Smith WK and Lewis MW (2011) Toward a theory of paradox: A dynamic equilibrium model of organizing. *Academy of Management Review* 36(2): 381-403.
- Smith WK and Tushman ML (2005) Managing strategic contradictions: A top management model for managing innovation streams. *Organization Science* 16(5): 522-536.
- Sonenshein S (2010) We're changing—or are we? Untangling the role of progressive, regressive, and stability narratives during strategic change implementation. *Academy of Management Journal* 53(3): 477–512.
- Suddaby R, Coraiola D, Harvey C and Foster W (2019) History and the micro-foundations of dynamic capabilities. *Strategic Management Journal* online <https://doi.org/10.1002/smj.3058>.
- Taylor JR (2014) Impersonating the organization: Reflections on the communicative constitution of organization. In Cooren F, Vaara E, Langley A and Tsoukas H (eds.) *Language and Communication at Work*. Oxford: Oxford University Press, pp.17-38.
- Tushman ML and O'Reilly C (1996) Ambidextrous organizations: Managing evolutionary and revolutionary change. *California Management Review* 38: 8-30.
- Vaara E, Sonenshein S and Boje DM (2016) Narratives as sources of stability and change in organizations: Approaches and directions for future research. *Academy of Management Annals* 10(1): 495-560.
- Vaara E, Tienari J and Laurila J (2006) Pulp and paper fiction: On the discursive legitimization of global industrial restructuring. *Organization Studies* <sup>[11]</sup><sub>SEP</sub>27(6): 789-810.
- Zilber T (2006) The work of the symbolic in institutional processes: Translations of rational myths in Israeli high tech *Academy of Management Journal* 49(2): 281-303.
- Zimmermann A, Raisch S and Cardinal LB (2018) Managing persistent tensions on the frontline: A configurational perspective on ambidexterity. *Journal of Management Studies* 55(5): 739-769.



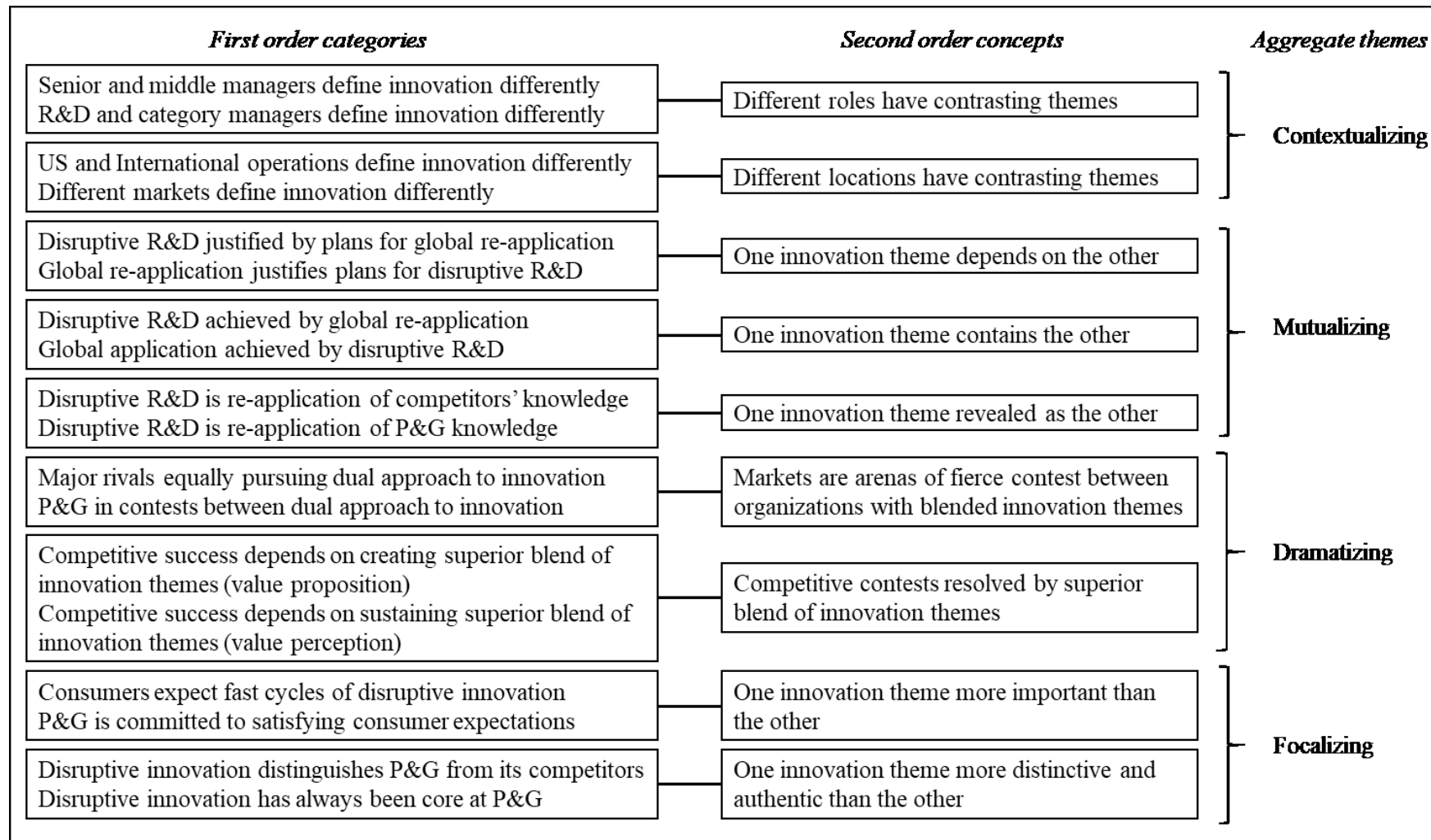
## Author biographies

Mairi Maclean is Professor of International Business and Associate Dean for Faculty in the School of Management, University of Bath. She received her PhD from the University of St Andrews, Scotland. Her research interests include international business elites and elite power from a Bourdieusian perspective, entrepreneurial philanthropy, and historical organization studies. Recent publications include contributions to the *Academy of Management Review*, *Organization Studies*, *Organizational Research Methods*, *Human Relations*, *Business History Review* and *Academy of Management Learning and Education*.

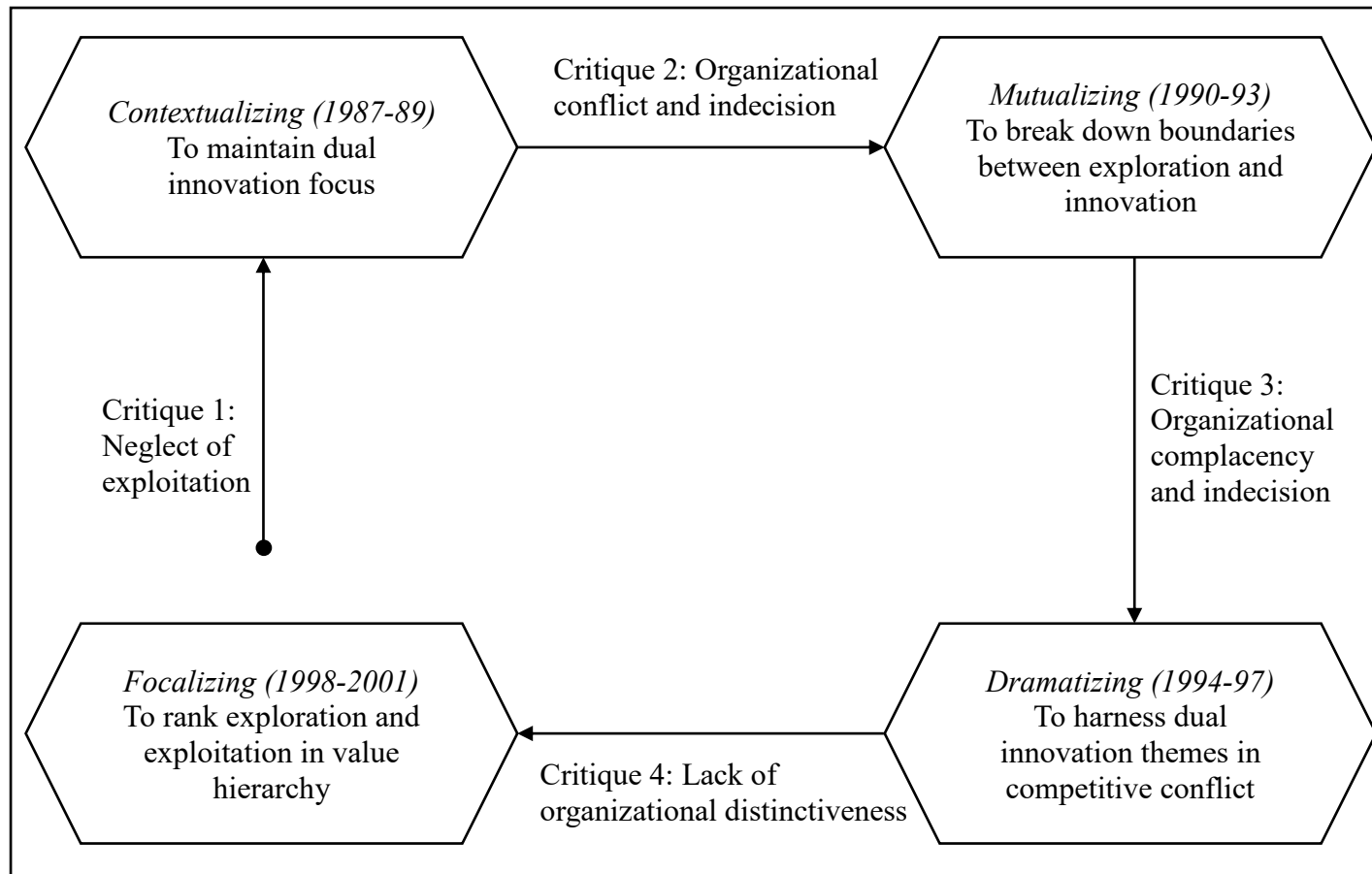
Charles Harvey is Professor of Business History and Management at Newcastle University Business School. He holds a PhD in International Business from the University of Bristol. His research focuses upon the historical processes informing contemporary business practice, entrepreneurial philanthropy, and the exercise of power by elite groups in society. Recent publications are in the *Academy of Management Review*, *Strategic Management Journal*, *Organization Studies*, *Organizational Research Methods*, *Human Relations*, the *Business History Review* and *Critical Perspectives on Accounting*.

Benjamin D. Golant is a visiting research fellow at the Newcastle University Centre for Research on Entrepreneurship, Wealth and Philanthropy. He completed his doctorate at Royal Holloway, University of London. His research focuses on the role of rhetoric and narrative in processes of organizational emergence. He is currently researching the relationship dynamics between social activists and the philanthropists on whose support they depend. He has published in *Organization Studies*, *Human Relations* and *Organization*.

John A. A. Sillince has a PhD from the London School of Economics. His research interests are in discourse, narrative and rhetoric, and in institutional theory. He has published in *Academy of Management Review*, *Academy of Management Journal*, *Human Relations*, *Journal of Management Studies*, *Organization Studies*, and *Organization Science*. He is a former Senior Editor of *Organization Studies*.



**Figure 1.** Data Structure



**Figure 2.** Innovation narratives

**Table 1.** 1987-89: Contextualizing (to maintain dual innovation focus)

<i>Critique: Challenging prior approach to innovation</i>	
Focus on exploration has led to neglect of exploitation	<p>“It has become increasingly apparent in recent years that our rapid expansion into more and more categories of business may have influenced our ability to achieve satisfactory growth rates in our key established categories. Going back to the 1970s and examining our performance in the 23 categories we were in then and now, we find every fiscal year since 1979-80 we’ve had more brands with shares going down than up. The pre-tax margin on aggregate of these same categories is also down from earlier levels.” (Smale, 10/1987)</p> <p>“We’ve been able to create more, truly meaningful product and package innovations in more business categories than at any time in the Company’s history. But during these same years, our profit performance has not been adequate. We, for the first time in over 30 years, failed to achieve an earnings gain versus the previous year.” (Smale, 04/1988)</p>
<i>Resolution: Contextualizing the on-going relevance of both exploration and exploitation</i>	
Different roles support contrasting approaches to innovation	<p>“We have been using various organizational techniques to bring increased focus to the different parts – the categories – of our business. The paramount reason to move now to this new structure [category management] is to enable us to grow on our established business while we grow at the same time in new businesses ... The Category General Manager ... will be responsible for the product, packaging, copy and sales plans ... within the category. The Division Manager ... will be responsible for initiating activity to develop new brands in new categories of business.” (Smale, 10/1987)</p> <p>“The US category and divisional product development organizations will make up slightly over half of our worldwide spending ... Another kind of ... R&amp;PD organization consists of those general corporate R&amp;D units which pursue upstream science and technology of broad importance across the entire spectrum of our existing and potential new businesses ... doing the company’s leading-edge work.” (Brunner, 09/1989)</p>
Different locations support contrasting approaches to innovation	<p>“More than any other single thing, the ‘big edge’ world product program, initiated several years ago ... here in Cincinnati ... is driving the forward progress of our international business.” (Artzt, 06/1988)</p> <p>“Environmental issues ... are ... major in their effect on the business ... Taking the initiative ... would be an impossibly tall order if we didn’t have the advantage of the experience already gained – particularly in Europe ... to proactively and rapidly transfer our learning from one country to another.” (Place, 09/1989)</p> <p>“Our company’s worldwide research and product development investment is being directed – first by type of effort and product areas and secondly by timeframe – short versus the long-term. The US product development organizations [are] spending twice the percentage of their budgets against long-term projects than international ... [who are] primarily adapting ideas from elsewhere”. (Brunner, 11/1989)</p>

**Table 2.** 1990-93: Mutualizing (to break down boundaries between exploration and exploitation)

<i>Critique: Challenging prior approach to innovation</i>	
Functional separation of exploration and exploitation has led to internal conflicts and indecision	<p>“We need to improve at closure. Not just on conflicts between global and geographic strategies, but also on technology and marketing issues.” (Blanchard, 08/1990).</p> <p>“We need sharp management processes that will allow us to be quicker and more effective, all the time. The way we organize our people, establish our approval systems, our benchmarks and checks and balances, all have to take on a different dimension ... not to use energy against internal enemies – Department X that spends too much or Division Y that gets in the way. Maybe some of these complaints are valid. But the solution is to move on and focus on doing a better job against our real competitors in the [global] marketplace.” (Jager, 06/1990)</p>
<i>Resolution: Mutualizing exploration and exploitation</i>	
Exploration and exploitation mutually constituted to deliver global mega brands	<p>“We want to focus the future development of the company on businesses where our capacity to invent superior or novel products gives us competitive advantage and the opportunity to attain market leadership. We want to focus on businesses where the return our R&amp;D investments can be realized on a worldwide or at least multi-regional basis” (Artzt 04/92)</p> <p>“We’re seeing the growing importance and opportunity in establishing mega brands in our key categories. This is well illustrated by our decision to put color technology on Ariel. We’re now even considering putting fabric softener performance on Ariel ... rather than introducing a separate brand. We need to think creatively and carefully about what our key brand franchises can represent and provide. Olay. Vicks. Sassoon. Pantene.” (Pepper, 06/1992)</p>
Capitalize on local innovations to speed market growth	<p>“We continue to see how important regionally developed ideas are as a source of new, strong global success models. We should recall that Pantene was a product of local and regional innovation – in the U.S., Europe and the Far East. That the Head &amp; Shoulders success model came out of Mexico,” (Pepper, 06/1993)</p> <p>“We need to introduce 14 new brand technologies successfully (in the Health Care sector) by the end of the decade. A step change in productivity like this requires new ways of working in the future – markedly better than both our current approaches and our competition. For the past year, we have been working as a sector to achieve a competitive advantage in cycle time – our speed to market – aiming for an improvement of up to 50%.” (Moore, 10/1993)</p>
Gain synergies from seeing connections between exploration and exploitation	<p>“Our technical base from years and years in the bar soap, dishwashing detergent and shampoo businesses has given us a great depth of knowledge in skin care products. It’s that expertise that makes [organizational entry into] beauty care products such a good fit for P&amp;G.” (Dirvin, 03/1991)</p> <p>“We don’t have to invent an idea to win with it. Look for good ideas – like compacts – that have universal appeal – everywhere. Then really understand consumer needs – articulated needs and the ones consumers don’t or can’t articulate. Deep understanding enabled us to recognize (Kao’s) compact detergents as a worldwide big idea.” (Lafley, 06/1993)</p>

**Table 3.** 1994-97: Dramatizing (to harness dual innovation themes in competitive conflict)

<i>Critique: Challenging prior approach to innovation</i>	
Emphasis on negotiated understanding leads to complacency and indecision	<p>“How did we get to a point where we have too much bureaucracy and wasted effort, too many layers, too much capacity, too much cost, leading to overpriced products? ... We have recognized the symptoms early enough to achieve reversal. Bureaucracy, inward focus, preoccupation with internal process – these things erode the characteristics of an organization that creates value.” (Artzt, 01/1994)</p> <p>“Every business has story to it. This is one of squandered opportunities on our part due to inadequately focused global leadership that led us to ‘miss the boat’ more than once.” (Moore, 03/1994)</p>
<i>Resolution: Dramatizing the contest for blended themes of exploration and exploitation</i>	
Markets are arenas of fierce contest between organizations with blended innovation themes	<p>“Every week we hear announcements from other major competitors – Unilever, Colgate, Henkel and Kimberly-Clark. Product innovation [must] do better, move faster ... to stay competitive in a highly value-conscious world.” (Artzt, 01/1994)</p> <p>“Private label ... brands are growing because consumers question the value of paying a higher price for ... brands like ours ... We have focused on giving consumers the best possible product performance. We don’t intend to abandon that successful approach. But we must complement this with an even more aggressive attack on our cost structure.” (Einsmann, 11/1994)</p> <p>“We are in a fierce competitive battle every day, everywhere ... We need to get consumer-meaningful breakthrough technologies on our leading brands expanded much more quickly across the world. That’s the primary mission of R&amp;D, PSO [Product Supply], and our global and regional category teams.” (Pepper, 02/1997)</p>
Competitive contests are resolved by superior blend of innovation themes	<p>“The pharmaceutical business play[s] to P&amp;G strengths and competencies ... [in] chemistry, life sciences, technology reapplication and marketing ... This will be a very competitive package for P&amp;G, bringing high value to physicians, patients and payers.” (Moore, 12/1994)</p> <p>“In Asia, as in the rest of the P&amp;G world, our objective is to give Asian consumers outstanding branded products that deliver superior value. If we do this, then we will build the leading brand in core categories in every Asian country in which P&amp;G competes.” (Lafley, 01/1995)</p> <p>“P&amp;G places overriding importance on product quality and value. Consistently the Company’s periods of greatest business progress are associated with products which have marked performance advantages over their competition.” (Pepper 03/1995)</p> <p>“Tide has succeeded because we developed a technological breakthrough against a broad consumer need (getting clothes clean), housed it in a brand equity that we’ve maintained quite consistently over time, and have stayed the innovation leader and kept costs sufficiently competitive that ... we are rated as best value”. (Pepper, 10/1996)</p>

**Table 4.** 1998-2001: Focalizing (to rank exploration and exploitation in value hierarchy)

<i>Critique: Challenging prior approach to innovation</i>	
Blended appeal to consumers leads to lack of organizational distinctiveness	<p>“While we typically pride ourselves on our superior consumer understanding – we have a history of missing important opportunities. Baking Soda and Whitening in Tooth Paste, Training Pants and Value added taped diapers, Whole Bean Coffee and Color Stay Lipstick Technology in cosmetics are just a few examples of innovations that were led by competitors – because we did not recognize them in time.” (Berndt, 07/1998)</p> <p>“Status quo is leading to a crisis ... earnings up but based on cost reductions...Performance and reward system perpetuates worst aspects of current culture: short term focus; risk aversion ... We’re stagnant ... not only are we not making progress, we’ve actually been declining in the last couple of years. It’s clear this is not going to work”. (Pepper, 09/1998)</p>
<i>Resolution: Establishing a value hierarchy for themes of exploration and exploitation</i>	
Prioritize exploration focused on consumer needs	<p>“Consumers are smarter and far more informed today than ever before. That makes them far more sophisticated shoppers ... All of which raises the bar for innovation. Companies have to get bigger ideas to market faster, and they have to do it continually.” (Berndt, 06/1999)</p> <p>“In the spirit of breakthrough ... I want to share a simple message today ... we are going to have to challenge all of the functional attitudes, beliefs, behaviors we’ve learned over the course of our careers and get focused on one thing – doing whatever it takes to delight a consumer who will only become more demanding.” (Lafley 11/1999)</p> <p>“Our internal definition of innovation ... starts with relentless focus on the consumer. We are passionate about making consumers’ lives better. The consumer is our boss ... the way we keep our brands vital and growing and is also the engine with which we introduce new brands.” (Lafley, 10/1901)</p>
Prioritize exploration to create breakthrough megabrands of the future	<p>“Let me put our innovative capability into a competitive context ... Our strongest technical competitor, Unilever, has significantly reduced its patent productivity. We see this in the quality and quantity of their patents. There has never been a better time for us to leverage out our technological innovation into business growth, game-changing ... in our traditional business and in new ones.” (Sakkab, 12/1999)</p> <p>“What truly is this Company’s point of competitive distinction? At our heart P&amp;G is a technology company. Look carefully at our history. You’ll see that we have always grown the fastest when we were innovating the most ... We’ve won the biggest with superior products. Products that set the performance standards in our categories. And innovations that create entirely new categories.” (Jager, 06/1999)</p> <p>“Yes, we’re a big Company. But we are really a collection of smaller companies, led by the spirit of innovation and entrepreneurship to deliver breakthrough results.” (Lafley, 08/1999)</p> <p>“In the end, at P&amp;G, innovation is our lifeblood. We win or lose based on our ability to create new products that create new categories and keep established categories growing.” (Lafley, 06/2000)</p>



# Appendix. P&G speechmakers and speeches quoted

Executive	P&G career	Speeches (month/year)
Edwin Artzt	b. 1931. Joined 1953. Vice president foods and coffee, 1970. Vice president, Europe, 1980. President, international, 1984. CEO, 1990. Ret. 1995.	04/1988, International Profit Goals; 06/1988, International Business; 01/1990, Global Planning; 04/1992, Strategy Review; 01/1994, Building Long Term Equity in Our Advertising.
Wolfgang Berndt	b. 1942. Joined 1967. Vice president, international, 1984. President global fabric and home care, 1995. Ret. 2001.	07/1998, Improved Strategy Development Process; 06/1999, P&G Europe Forum Business Review.
Robert Blanchard	b. 1946. Joined 1970. Vice president, soap and cleaning, 1982. Vice president beverages, 1987. President US beauty care, 1995. Ret. 1999.	05/1988, Citrus Business; 11/1989, Global Strategic Planning; 08/1990, Strategic Planning and R&D; 02/1996, US Beauty Care.
Gilbert Cloyd	b. 1946. Joined 1974. Vice president pharmaceuticals, 1991. Chief Technology Officer, 2000. Ret. 2008.	12/1994, R&D and Breakthrough Innovations.
Gordon Brunner	b. 1938. Joined 1961. Vice president, R&D, 1985. Chief Technology Officer, 1991. Ret. 2001.	09/1989, Direction of Research and Product Development Initiatives; 11/1989, R&D Type of Effort and Time Frames.
Stephen Donovan	b. 1942. Joined 1968. Group vice president, 1987. President, food and beverages, 1991. Ret. 2002.	11/1988, Product Review; 11/1990, Lessons and Principles of Compact Detergents; 06/1991, Soap Sector Business; 09/1994, Food and Beverage Sector.
Gerald Dirvin	b. 1937. Joined 1959. Vice president, coffee, 1977. Executive vice president, 1990. Ret. 1994.	03/1991, Growing Beauty Care.
Jamie Egasti	b. 1957. Joined 1979. President, global coffee and snacks, 2007. Resigned 2007.	06/1999, New Product Innovation.
Harald Einsmann	b. 1934. Joined 1961. Group vice president, 1984. Executive vice president, Europe, Middle East and Africa, 1995. Ret. 1999.	11/1994, Address to the European Management Group.
Durk Jager	b. 1943. Joined 1970. Vice president, Asia Pacific, 1988. Executive vice president, 1991. Chief Operating Officer 1995. CEO, 1999. Ret. 2000.	06/1990, Global Management and Organization; 06/1999, Exploiting Innovation at P&G.
Alan Lafley	b. 1947. Joined 1977. Group vice president, laundry and cleaning, 1992. Executive vice president	06/1993, Perspectives on Laundry and Cleaning; 01/1995, Developing the Asian Market; 08/1999, Remarks: 1999

	Asia, 1995. President global beauty and North America, 1999. CEO, 2000-10 and 2013-15. Ret. 2015.	General Management Summer Camp Program; 11/1999, Product Supply Comments; 06/2000, Speed is Fast Cycle Learning; 07/2000, The Importance of R&D; 10/2001, Innovation and Consumer Satisfaction.
Gary Martin	b. 1946. Joined 1969. Vice president, product supply, 1987. President, tissues and towel, 1999. Ret. 2001.	07/1989, R&D Breakthroughs in Paper Making.
Thomas Moore	b. 1951. Joined 1973. Vice-President Healthcare, 1992. Resigned 1996.	10/1993, Health Care Speed Initiative; 03/1994, Dentifrice Global Review; 12/1994, Pharmaceuticals Review.
John Pepper	b. 1938. Joined 1963. Vice president, soap and detergents, 1978. Group vice president, Europe, 1980. President, US business, 1986. President, international, 1990. CEO, 1995-99. Chair, 1999. Ret. 2002.	03/1989, P&G US Priorities and Themes; 06/1989, Remarks for June 12 Meeting; 10/1991, Globalization and Its Significance; 06/1992, International Business Review; 06/1993, International Business Review; 10/1994, Accelerating Profitable Volume Growth; 05/1995, Year-End Meeting; 06/1995, Goals and Strategies; 10/1995, Sharing Some Realities and Perspectives; 05/1996, P&G: A Personal Perspective; 10/1996, Performance and Priorities; 02/1997, Creating Value; 10/1997, Comments for Functional Meeting; 08/1998, Creating Our Future; 09/1998, Organization 2005.
Geoffrey Place	b. 1931. Joined 1954. Vice president, R&D, 1983. Ret. 1991.	09/1989, Environmental Quality; 04/1990, Environmental Quality.
Nabil Sakkab	b. 1947. Joined 1974. Vice president, R&D, 2001. Ret. 2007.	12/1999, Game Changing Innovations.
John Smale	b. 1927. Joined 1952. President, 1974. CEO, 1981-90. Chair executive committee, 1990. Ret. 1994.	06/1987, Category Management: Research & Development; 10/1987, Category Organization; 04/1988, Creating Category Business Teams.
David Swanson	b. 1930. Joined 1953. Vice president soap and cleaning, 1976. Executive vice president, manufacturing, 1978. Ret. 1991.	10/1988, Product Supply and Sustainable Competitive Advantage.